

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 EURE-00 AID-05 CEA-01
CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01
SP-02 STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 FEA-01
ERDA-05 DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
USIA-06 OES-06 SS-15 ACDA-07 /128 W
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FM USMISSION EC BRUSSELS

TO SECSTATE WASH DC PRIORITY 2727

INFO ALL EC CAPITALS 2956

USMISSION OECD PARIS

USMISSION GENEVA

USDEL MTN GENEVA

AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 EC BRUSSELS 00200

E.O. 11652: GDS

TAGS: ENRG, EAID, ETRD, EFIN, EEC

SUBJECT: CIEC-EC DEVELOPS PRELIMINARY VIEWS ON CIEC PROCEDURES

REF: A) 76 EC BRUSSELS 11148, B) 76 EC BRUSSELS 11884,

C) 76 EC BRUSSELS 11235

1. SUMMARY: EC OFFICIALS INFORM US THAT AT A RECENT MEETING OF CIEC HEADS OF DELEGATIONS, MEMBER STATES GENERALLY AGREED TO PROPOSE HOLDING THE CIEC MINISTERIAL COUNCIL IN LATE APRIL OR MAY. THIS MEETING WOULD BE PRECEDED BY ONE SESSION OF THE FOUR CIEC COMMISSIONS AND BY INTENSIVE, INFORMAL CONTACTS TO KEEP THE FINAL NEGOTIATIONS TO MANAGEABLE PROPORTIONS. THE
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EC PLANS TO CONSULT WITH G-8 MEMBERS, ESPECIALLY THE US, AS SOON AS POSSIBLE. THE EC IS SEEKING A COORDINATED, CRIDIBLE G-8 PACKAGE OF PROPOSALS. IF THIS PACKAGE IS NOT ACCEPTABLE TO THE G-19, THEN THE EC SUGGESTS THAT THE G-8 MIGHT CONSIDER NOT GOING AHEAD WITH THE DIALOGUE. END SUMMARY.

2. THE HEADS OF THE NINE EC DELEGATIONS TO CIEC AND COMMISSION OFFICIALS HELD ANOTHER CIEC "BRAINSTORMING" SESSION IN BRUSSELS ON JANUARY 8 TO DISCUSS HOW THE EC SHOULD PROCEED. COMMISSION OFFICIALS (CASPARI, DG-I; DURIEUX, DG-VIII; NICILAI, DG-III; SOUBESTRE, CHEYSSON CABINET) AND COUNCIL SECRETARIAT AND FRG AND UK PERMDEL OFFICIALS DISCUSSED WITH US THE MEETING'S CONCLUSIONS. THEY REPORT THAT PRELIMINARY AGREEMENT WAS REACHED REGARDING CIEC PROCEDURES. COREPER AND THE JANUARY 18 FOREIGN MINISTERS COUNCIL WILL NOW CONSIDER THE SESSION'S RECOMMENDATIONS. THE MEETING CONCLUDED THAT WITH THE CHANGE IN US AND JAPANESE ADMINISTRATIONS AND THE RECENT OPEC PRICE DECISION, A NEW NEGOTIATING SITUATION EXISTED. THUS, BEFORE BEGINNING TO REVISE CURRENT EC POSITIONS, THE EC WOULD SEEK CONSULTATIONS AMONG OTHER G-8 PARTICIPANTS, ESPECIALLY THE US. THE MEETING ALSO CONCLUDED THAT THE NEW US ADMINISTRATION'S VIEWS WOULD BE THE KEY DETERMINANT. UK AND COMMISSION OFFICIALS WILL CONSEQUENTLY SEEK AN INFORMAL EXCHANGE OF VIEWS WITH US OFFICIALS IN WASHINGTON AS SOON AS POSSIBLE, PERHAPS AROUND MID-FEBRUARY. THE FOREIGN MINISTERS WILL LIKELY CONSIDER THIS PROPOSAL BEFORE A DECISION IS MADE TO SEEK SUCH CONSULTATIONS.

3. THE NINE AGREED THAT THEY SHOULD WORK TOWARD A UNIFIED, COORDINATED POSITION AMONG THE G-8. SUCH A POSITION HOPEFULLY CAN BE ADOPTED NOT LATER THAN EARLY MARCH. THEY APPRECIATE, HOWEVER, THAT THE NEW US ADMINISTRATION WILL NEED TIME TO CONSIDER THE COMPLEXITIES

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OF CIEC, BUT EARLY, INFORMAL CONTACTS WITH US OFFICIALS TO DISCUSS PROCEDURE AND THE MAIN ELEMENTS OF THE ISSUES WOULD BE USEFUL. THE EC ALSO PLANS TO MEET WITH THE CANADIANS, PROBABLY BEFORE THE US CONTACTS, AND WITH THE JAPANESE AND OTHER G-8 MEMBERS, AFTER MEETING WITH THE US. THE EC HOPES THAT G-8 AGREEMENT CAN BE REACHED ON THE MAIN ELEMENTS OF A TENTATIVE CIEC PACKAGE WHICH SHOULD BE A CREDIBLE EFFORT TO MEET LDC REQUESTS. THIS PACKAGE SHOULD BE PRECISE ENOUGH SO THAT THE G-19 COULD BE INFORMED OF THE GENERAL OUTLINES OF A LIKELY FINAL CONCLUSION.

4. ONCE A COORDINATED G-8 POSITION IS DEVELOPED, THE EC WOULD LIKE TO HAVE INDIVIDUAL G-8 MEMBERS IN PARALLEL CONSULT WITH KEY G-19 MEMBERS TO DETERMINE THEIR REACTION TO THE PROPOSED PACKAGE. THESE CONSULTATIONS SHOULD INDICATE THAT THE G-8 IS NOT PREPARED TO ENTER INTO OPEN-ENDED NEGOTIATIONS. IF THE G-19 CONTINUE TO INSIST ON NEARLY ALL OF THE ELEMENTS OF THE MANILA AND

LIMA DECLARATIONS, AND ARE UNWILLING TO COMPROMISE, THEN THE G-8 SHOULD SERIOUSLY CONSIDER BREAKING OFF THE DIALOGUE. HOWEVER, IF THE JUDGMENT IS MADE THAT A SUCCESSFUL CONCLUSION IS POSSIBLE, THE G-8 SHOULD BE PREPARED TO ENTER INTO ALMOST CONTINUOUS NEGOTIATIONS LEADING UP TO A CIEC MINISTERIAL MEETING IN LATE APRIL OR MAY.

5. SHOULD PREPARATIONS PROCEED AS PLANNED, THE EC FORESEES HOLDING ONLY ONE SESSION OF THE FOUR CIEC COMMISSIONS, PERHAPS JUST BEFORE OR AFTER EASTER. THE HEADS OF EC DELEGATIONS AGREED THAT THESE CIEC DISCUSSIONS WERE STILTED AND TOO FORMAL, AND CONSEQUENTLY WERE NOT A USEFUL FOREMAT FOR RESOLVING DIFFERENCES. NEVERTHELESS, THEY FELT THAT IT WOULD BE UNWISE TO PROPOSE CHANGING THE CIEC STRUCTURE AT THIS LATE DATE.

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6. SHORTLY AFTER THIS SESSION, A SMALLER, MORE MANAGEABLE MEETING OF CIEC PARTICIPANTS SHOULD BE CALLED TO BEGIN NEGOTIATIONS ON THE FINAL CONSENSUS. THE EC BELIEVES A NEW FRAMEWORK IS NEEDED FOR THIS MEETING BECAUSE NONE OF THE EXISTING STRUCTURES IS PRACTICAL FOR EFFECTIVE NEGOTIATIONS. A CO-PRESIDENTS' MEETING WOULD NOT BE REPRESENTATIVE; THE G-19 LACKS CONFIDENCE IN ITS CO-CHAIRMEN BECAUSE THEY PRIMARILY REPRESENT THE OPEC COUNTRIES; AND THE PREVIOUS HEADS OF DELEGATIONS MEETINGS HAVE NOT BEEN EFFECTIVE BECAUSE THE G-19 PARTICIPANTS ARE NOT PREPARED TO NEGOTIATE. HOPEFULLY, A NEW NEGOTIATING FORMAT CAN BE FOUND SO THAT AT LEAST THE MINOR OUTSTANDING ISSUES CAN BE RESOLVED. THE OBJECTIVE WOULD BE TO REDUCE THE ISSUES FOR THE MINISTERIAL COUNCIL TO A MANAGEABLE NUMBER.

7 THE EC PREFERENCE FOR APRIL OR MAY MINISTERIAL DATES STEMS FROM A WISH NOT TO HOLD THIS MEETING TOO CLOSE TO THE MARCH UNCTAD MEETING WHICH WILL NEGOTIATE A COMMON FUND FOR COMMODITIES. EC OFFICIALS ARE FEARFUL THAT THIS MEETING WILL END IN A BITTER ROW AND WOULD PREFER A COOLING-OFF PERIOD BEFORE UNDERTAKING THE CIEC MINISTERIAL. ON THE OTHER HAND, EC OFFICIALS DO NOT WANT THE MINISTERIAL TOO CLOSE TO THE JULY OPEC MEETING IN ORDER TO AVOID LINKING A SUCCESSFUL CIEC CONCLUSION TO OPEC PRICE DECISIONS. UK PARTICIPANTS SUGGESTED HOLDING THE MINISTERIAL IN SEPTEMBER, BUT THE OTHERS THOUGHT THE G-19 DID NOT WANT TO WAIT THAT LONG.

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STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 EURE-00 FEA-01
ERDA-05 DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
USIA-06 OES-06 SS-15 ACDA-07 /128 W
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FM USMISSION EC BRUSSELS
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INFO ALL EC CAPITALS 2957
USMISSION OECD PARIS
USMISSION GENEVA
USDEL MTN GENEVA
AMEMBASSY BERN
AMEMBASSY CANBERRA
AMEMBASSY MADRID
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 02 OF 02 EC BRUSSELS 00200

8. SUBSTANTIVE ISSUES: THE SESSION FOCUSED ON PRO-
CEDURES BUT PARTICIPANTS ARGUED THAT A CRIDIBLE FINAL
PACKAGE SHOULD RESPOND TO THE INTERESTS OF THE FOUR
DISTINCT LDC GROUPS; 1) LEAST DEVELOPED AND FINANCIALLY
HARDPRESSED LDGS -- TRANSFER OF RESOURCES, IMPROVED
PROCEDURES FOR DEBT RELIEF, AND COMMODITY ARRANGEMENTS;
2) MORE DEVELOPED LDGS -- TRANSFER OF TECHNOLOGY, AND
TRADE MEASURES SUCH AS MTN AND GSP; 3) OPEC COUNTRIES
WHICH ARE INDUSTRIALIZING -- SAME AS TWO; AND 4) OPEC
COUNTRIES WITH BALANCE OF PAYMENTS SURPLUSES -- MEASURES
TO SAFEGUARD FINANCIAL ASSETS. REGARDING THE LATTER
POINT, EC OFFICIALS SUGGEST LHE G-8 MIGHT STATE A
WILLINGNESS TO CONSIDER SAFEGUARDS, AND EACH G-8 COUNTRY WOULD
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THEN WORK OUT APPROPRIATE MEASURES WITH OPEC COUNTRIES

ON A BILATERAL BASIS. (WE ARE REPORTING BY SEPTTEL EC
VIEWS ON COMMODITY NEGOTIATIONS.)

9. EC OFFICIALS SAY THAT THESE PRELIMINARY VIEWS ON
CIEC PROCEDURES WOULD NOW BE TAKEN UP AT THE FOREIGN
MINISTERS ON JANUARY 18 AND PERHAPS AT THEIR FEBRUARY
8 MEETING. THEY DO NOT EXPECT DECISIONS ON SUBSTANCE
UNTIL THE MINISTERS MEET IN MARCH AND UNTIL THE EUROPEAN
COUNCIL-HEADS OF GOVERNMENT MEETING-WHICH IS TENTATIVELY
SCHEDULED FOR ABOUT MARCH 25 IN ROME. THE CIEC HEADS OF
DELEGATIONS DO NOT PLAN TO HOLD ANOTHER MEETING UNTIL
FEBRUARY. EC OFFICIALS ADD THAT CONTRARY TO EARLIER
INDICATIONS (SEE REF.), ALL OF THE NINE SEEM TO WANT
TO GO AHEAD WITH THE DIALOGUE.

10. COMMISSION OFFICIALS SAY THAT COMMISSIONERS
HAFERKAMP AND CHEYSSON WILL LIKELY SHARE COMMISSION
RESPONSIBILITIES FOR CIEC MATTERS. CHEYSSON WILL FOCUS
ON DEVELOPMENT AND RAW MATERIAL ISSUES. (SEE EC BRUSSELS 143.)
FORMER COMMISSION DIRECTOR GENERAL FOR EXTERNAL AFFAIRS
WELLENSTING HAS NOW MOVED TO THE HAGUE WHICH MEANS HE
WILL NO LONGER BE INVOLVED IN THE DAY-TO-DAY CIEC
OPERATIONS. HE WILL CONTINUE, HOWEVER, AS THE CO-CHAIRMAN
OF THE DEVELOPMENT COMMISSION.

11. UK PERMDEL OFFICIALS SUGGEST THAT AMEMBASSY LONDON
SHOULD CONTACT THE FOLLOWING UK FOREIGN MINISTRY
OFFICIALS: MICHAEL BUTLER, DEPUTY PERMANENT SECRETARY;
AND DERECK THOMAS, HEAD OF THE UK CIEC DELEGATION. THESE
OFFICIALS WILL BE CONCERNED WITH ORGANIZING THE
MODALITIES OF THE SUGGESTED CONSULTATIONS WITH US AND
OTHER G-8 MEMBERS. HINTON

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